Supplier guidelines

Sedus Stoll Group

The Sedus Stoll Group's supplier guidelines 2019 edition

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Companies in the Sedus Stoll Group

The companies Sedus Stoll AG, Sedus Systems GmbH and Klöber GmbH develop, produce and sell office furniture systems, office seating, seminar/conference equipment and contract furniture. Sedus as a brand name is synonymous with perfect ergonomics and high-quality office equipment. The Klöber brand stands for seating that combines the three most important criteria: namely design, ergonomics and emotion.

Sedus is one of the leading European manufacturers in the office furniture industry. With exports accounting for around 45 % of sales, the Sedus brand is represented in Europe by eight subsidiaries and in over forty countries around the world. Employing over 870 members of staff, the Sedus Group generated a turnover of over € 190 million in 2017.

What was initially the Stoll family-run company established in 1871 eventually became Sedus Stoll Aktiengesellschaft as a result of the conversion of Christof Stoll GmbH & Co. KG in 1995. The European subsidiaries in Great Britain, Belgium, France, Spain, Italy, Austria, The Netherlands and Switzerland were, in some cases, established over thirty years ago and operate independently in their markets.

Klöber GmbH, the office seating manufacturer, was purchased in 1999 to expand the company's shares of the market. While it operates independently and as a competitor on the market, synergy effects are consistently exploited at all levels.

Sedus Systems GmbH (desking, storage and pedestal systems) formerly operated under the name Gesika Büromöbelwerk GmbH. It was acquired in 2002 to expand the Sedus brand and transform the company into a full office furniture provider.

Sedus and Klöber products meet high quality standards and are exclusively sold in the mid to premium price range segment through qualified specialist retailers, who provide corresponding consulting and services locally. The specialist retailers are supported by their own sales organisations and their own showrooms.

The main shareholders in the Sedus Stoll Group are the Stoll VITA Foundation (59.3 %) and the Karl Bröcker Foundation (31.6 %). The rest of the shares (9.1 %) float freely.

Mission and vision

Sedus' vision

By providing good furniture, we help people in their office environments to complete their tasks full of motivation and to realise their potential. Credibility, professionalism and economic efficiency determine the way we think and act. We are therefore carving out a long-term future for our company and our workstations.

Sedus' mission

We are driven by and continuously strive to achieve customer satisfaction.

We passionately and professionally develop, produce and market good office furniture – for people and for our customers' economic success.

Being a reliable partner, we are efficient and service-oriented. In this regard, we measure ourselves against the highest standards.

Klöber's vision

Valuable seating solutions give our customers satisfaction and safety in the long term.

Satisfaction because of professionalism in quality and design; safety because we act reliably – day in, day out.

We shape Klöber's economic success for the benefit of customers, to make workstations safe and to generate a sustainable return.

Klöber's mission

We draw on our experience and passion to develop, produce and market innovative seating concepts for the workplace.

Good design, high quality and healthy sitting guarantee long-term customer relationships.

Objective

Special companies need special suppliers. What makes them special is the fact that everyone involved in the process gives their all to help achieve 100 % availability of materials, right up until the product reaches the customer. Our customers expect 100 % performance with regard to promised delivery dates and zero-defect quality – both in order processing and the aftersales service. The only way for us to achieve this performance objective is for us to have a perfectly coordinated process chain from the supplier to the customer. This is why special significance is assigned to 100 % process quality from the start.

Scope

These guidelines apply to all suppliers who supply the companies of the Sedus Stoll Group.

The Sedus Stoll Group includes:

- Sedus Stoll AG, operating in Dogern
- Sedus Systems GmbH, operating in Geseke
- Klöber GmbH, operating in Owingen

Suppliers undertake to ensure compliance with these guidelines, even applying these same obligations to their sub-suppliers.

United Nations Global Compact

The Sedus Stoll Group has committed itself to the ten principles of the United Nations Global Compact (UNGC) and, in 2017, joined the initiative to embrace and support the following core values concerning human rights, labour standards, environmental protection and anti-corruption.

Human rights

- Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- Principle 2 Businesses should make sure that they are not complicit in human right abuses.

Labour standards

- Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4 Businesses should campaign for the elimination of all forms of forced and compulsory labour.
- Principle 5 Businesses should campaign for the effective abolition of child labour.
- Principle 6 Businesses should campaign for the elimination of discrimination in respect of employment and occupation.

Environmental protection

- Principle 7 Businesses should support a precautionary approach to environmental challenges.
- Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.
- Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Key factors for quality and environmental protection

Quality

All of the Sedus Stoll Group's business premises are certified according to DIN EN ISO 9001. The products sold under the Sedus and Klöber brands are developed taking both national and international standards for office furniture into account. These requirements are clearly exceeded in many respects. All office furniture meets the requirements set down in EU Directives; with just a few exceptions, all products carry the GS symbol for tested safety. Meanwhile, all of the swivel chair ranges were awarded the quality seal of the "Aktion Gesunder Rücken" (AGR – Campaign for Healthy Backs). All of the current products are certified in line with the "Quality Office" quality criteria.

Environmental protection

Back in 1995, Sedus Stoll AG was the first furniture manufacturer in Germany to be validated in line with EU Regulation 1836 (EMAS). At that time, Sedus was one of the first 40 companies to be validated in Germany. Since 2005, the site in Dogern, a village in the district of Waldshut, has not only been certified according to EMAS II; in conjunction with Sedus Systems and Klöber; it has also been certified in line with DIN EN ISO 14001, and since 2012 it has been certified according to the DIN EN ISO 50001 energy management standard. Sedus' list of environmental certifications was extended in 2016 to include PEFC and FSC® certification (both of which promote sustainable forest management). For each new development, the selection of long-lasting and recyclable materials is an integral part of the requirements specifications. Numerous environmental awards prove the exemplary achievements in this sector, resulting from decades of tradition. Sedus is counted among the industry's eco pioneers.

Expectations with regard to quality, environmental protection and occupational safety

We want to use suitable strategies and capable processes in internal and external relationships to implement product and service quality at the best possible costs. During the procurement process, we help our suppliers to meet this objective by providing mutual benefits.

Open communication skills and clear agreements mean that everyone is aware of and thus capable of meeting their partner's requirements. Preventive measures to avoid defects must be an integral part of every activity in the process; after all, the objective is to effectively and efficiently achieve zero defects right from the start by means of continuous improvement. A culture of constructive criticism means that, together, we are capable of avoiding defects in future.

Our corporate principles concerning environmental protection and ecology include the obligation to comply with all legal regulations, to handle resources responsibly and sparingly, to avoid environmental effects at an early stage and to continuously improve all processes. With this in mind, we expect our suppliers to play an active role in protecting the environment.

Occupational safety is a key feature if a business is to be both competitive and humane. This particularly means that work-place accidents, work-related diseases and work-related health risks need to be prevented. But occupational safety also helps to avoid production downtimes, motivate staff and thus safeguard a company's economic position in the long term. We expect our suppliers to protect their employees' health effectively.

A certified management system makes it easier for suppliers to prove that they meet these expectations.

Selecting partners

Each new supplier is subject to a defined selection and qualification process. The supplier self-assessment forms the starting point. There are then other selection and qualification steps if necessary – such as requesting and checking reference documents, business reports, and on-site supplier audits with our own auditors from the Procurement, Environment and Quality Departments.

Our supplier selection activities are based on our objectives for the procurement process:

- Security of supply
- Inventory level
- Delivery that is on time, has the appropriate quantities and types of products, and arrives at the correct location
- Delivery times
- Cost level
- Innovative capacity
- Sustainable actions (a sustainability commitment is obligatory)

Zero-defect delivery quality is the basic requirement for this. To achieve this in the long term and to meet our environmental protection requirements, potential suppliers are faced with our requirements from the very beginning. We require this from all suppliers of production materials and suppliers of auxiliary and operating materials, commodities, tools, machines and plants.

Specifications

We believe that we are responsible for developing, maintaining and promptly providing all of the relevant specifications. Punctual implementation of these specifications is the supplier's responsibility. The following technical specifications are effective in the areas of product development and series procurement:

- Drawings, 3D data and order texts
- Standards and technical delivery specifications
- Data sheets and colour, surface, tolerance and master samples
- Inspection plans and inspection instructions
- Packaging specifications
- Sample orders with inspection features
- External company guidelines

Other commercial documents in this respect are:

- GTCs of Purchase
- Quality assurance agreement
- Non-disclosure agreement
- Contract for loan of use
- Development contracts
- Supply contracts
- Applicable regulations and laws
- Master purchase contract
- Sustainability commitment

If procedures or producibility is/are not sufficiently defined by the aforementioned documents, the supplier is obligated to immediately come to an agreement with the responsible specialist departments. Furthermore, not all of the conditions that are important for quality and environmental protection can be defined in advance. It is therefore in both our and the supplier's mutual interests to agree clear regulations concerning individual issues to guard against product liability situations, for example.

Quality assurance in product and service development

In the context of product and service development, the supplier is involved in the relevant product at an early stage. At this stage of the project, they work very closely with Development and Purchasing and are involved in designing the tools, selecting the materials, conducting the producibility analysis and carrying out the risk assessment. In this regard, the supplier makes a key contribution to preventative quality assurance with their technical specialist knowledge and their experience.
Specific quality assurance methods are used if necessary. A risk analysis is absolutely essential depending on how critical the components are. If faults that may have a negative impact on the deadline, quality and cost requirements occur during the course of the project, the responsible project manager and Purchasing must be immediately informed to this effect in writing.

Environmental compatibility must be taken into account according to the state of the art during product and service development. Production processes must be developed and planned so as to minimise the environmental impact while taking the economic circumstances into account. Development is defined as being the entire process up until readiness for series production.

Assessing quality capability

We have introduced the sample ordering process to assess quality capability before series production starts and if and when technical changes are made. A defined number of sample parts made under series conditions are thereby ordered from the supplier through the sample order.

The sample parts must be delivered under all circumstances with a VDA audit report based on the inspection features defined in the drawing and in the sample order. Deviations from this procedure must be agreed in advance.

All of the samples must feature non-interchangeable and clearly assignable labels. The serial order is only placed with the supplier once the audit is complete and documented approval has been given by the client. Samples must be created on request even for standard parts before series production starts.

Inspections during the production process

Workmanship is generally the supplier's responsibility. They define the nature and scope of the quality control measures in their production process. The measures must be aligned to the expectations set down in these supplier guidelines, the technical specifications and other agreements made.

Our Incoming Goods Inspection Department's inspection plans and the supplier's inspection planning activities must be coordinated accordingly for critical components.

Sedus concludes quality assurance agreements (QAAs) with suppliers. In this regard, a detailed inspection plan that defines the nature, scope, test equipment and records is agreed upon together with the supplier for each part. The plan outlines the minimum inspection requirements in the production process; the supplier must amend it to include additional inspections, particularly with regard to the process risks they are aware of. This enables a more efficient supply process including delivery that is as direct as possible right up to the additional value creation location in our production facilities or on the end consumer's premises.

Technical changes

While changes to products are mainly quality-related, they can also be necessary due to new environmental findings or streamlining measures. Suppliers are therefore obligated to continuously adjust the characteristics of their products' quality and environmental features to new and established findings by making relevant technical changes.

Changes to and deviations from the sampling state resulting from the likes of:

- Using new manufacturers or production processes
- Using new or additional machines
- Using modified materials
- Extensive tool changes or repairs
- Changes to/relocations of the production site

must be communicated in good time and require Sedus' approval.

Each technical change (design-related change) initiated by Sedus also results in mandatory replacement of the technical documents and reassessment of quality capability, and must be approved in writing before series production starts. This is generally carried out by means of a new sampling process. To avoid mixing different production states up, deliveries must generally be made according to the FIFO (first in, first out) principle.

Goods acceptance and packaging

Acceptance or receipt of delivered goods does not mean that their quality is approved. Goods that already have noticeable damage or defects upon delivery shall be returned at the supplier's expense following a visual inspection by the Incoming Goods Department, i.e. without an extensive quality inspection.

The packaging of the goods to be delivered must meet the packaging specifications or individual contractual agreements. Additionally, the standard quantity per container and, if necessary, special protective intermediate layers are defined in these documents too. In this regard, use and management of the Sedus container pool take top priority. Details can be found in the container pool agreement.

Furthermore, only recyclable packaging materials should be used.

All hazardous substances delivered must be labelled in line with legal requirements. The supplier undertakes to keep their safety data sheets up-to-date and to send any amendments to Sedus without being requested to do so.

Complaints

If deviations are established, a notice of defects is generally sent to the supplier. At the same time, they are prompted to take containment action immediately and to remedy the cause of the defects. Depending on the frequency and severity of the defect that occurred, a statement in the form of an 8D report will be requested. Implementation of the measures defined by the supplier is checked in the form of an audit conducted on the supplier's premises if necessary.

Liability for defects is described in Section 5.6 of the General Terms and Conditions of Purchase.

The results of the complaint process are added to the supplier assessment.

Supplier controlling

The Sedus Stoll Group has installed a supplier controlling system to continuously assure the quality of deliveries, and also to adhere to agreements made. Development of our global suppliers is an ongoing process that continuously focuses on supplier performance by means of supplier qualification, objective agreements, KPI controlling and improvement campaigns in the context of assessments and the supplier evaluation too. 100 % delivery quality, proactive involvement, open information-related behaviour and implementation of continuous improvements on the supplier's part are essential prerequisites if a cooperative partnership is to be both long-lasting and successful. If we become aware of deviations or potential for improvement, we will draw up an improvement action plan together with the supplier.

Operational procurement, deadlines

Operational procurement is based on the requirements documented by customer orders and/or forecasts and is thus also subject to natural fluctuations. Sedus concludes relevant supply agreements that ensure that finished parts and raw materials are kept in stock and that safeguard the actual optimum production process with suppliers. This guarantees efficient and timely supply of the right quantities at all times. Possible supply bottlenecks and reduced quantities must naturally be communicated immediately.

The supply chain also includes the loading, transport and delivery times.

In this regard, each individual supplier's ability to deliver the correct quantities on time is measured, determined in the form of the OTIF (on time in full) KPI and reported back to the supplier every month to allow them to respond quickly if and when deviations occur. The goal is to achieve 100 % adherence to delivery quantities and delivery deadlines.

Communication and training

Capable processes aren't the only aspects that form the basis of first-class quality services; qualified company employees do too. We therefore expect our suppliers to ensure that their employees are qualified and to train them using management methods in the scope of these guidelines.

If necessary, we would be more than happy to assist our suppliers in meeting our expectations and with any related questions they might have. Please feel free to contact the following individuals:

Purchasing Nora Trachternach, Telephone +49 2942 501-107, E-Mail NoraTrachternach@sedus.com

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